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MESSAGE

THE PRESIDENT OF THE UNITED STATES,
TO THE TWO HOUSES OF CONGRESS,
At the commencement of the twenty-fifth Congress.

Fellow-Citizens of the Senate
and House of Representatives:

We have reason to renew the expression of our devout gratitude to the GIVER of ALL GOOD for his benign protection. Our country presents, on every side, the evidences of that continued favor, under whose auspices it has gradually risen from a few feeble and dependent colonies to a prosperous and powerful Confederacy. We are blessed with domestic tranquility, and all the elements of national prosperity. The pestilence which, invading, for a time, some flourishing portions of the Union, interrupted the general prevalence of mutual health, has happily been limited in extent, and arrested in its fatal career. The industry and piety of our citizens are gradually relieving them from the pecuniary embarrassments under which portions of them have labored; in lucid legislation, and the natural and boundless resources of the country, have afforded wise and timely aid to private enterprise: and the activity always characteristic of our people has already, in a great degree, resumed its usual and profitable channels.

The condition of our foreign relations has not materially changed since the last annual message of my predecessor. We remain at peace with all nations; and no effort on my part, consistent with the preservation of our rights and the honors of the country, shall be spared to maintain a position so consonant to our institutions. We have faithfully sustained the foreign policy with which the United States, under the guidance of their first President, took their stand in the family of nations—that of regulating their intercourse with other Powers by the approved principles of private law, asking and according equal rights and equal privileges; rendering and demanding justice in all cases; advancing their own, and discussing the pretensions of others, with candor, directness, and sincerity; appealing at all times to reason, but never yielding to force, nor seeking to acquire any thing for themselves by its exercise.

A rigid adherence to this policy has left this Government with scarcely a claim upon its justice, for injuries arising from acts committed by its authority. The most imposing and perplexing of those of the United States upon foreign Governments, for aggressions upon our citizens, were disposed of by my predecessor. Independently of the benefits conferred upon our citizens by restoring to the mercantile community so many millions of which they had been wrongfully divested, a great service was also rendered to his country by the satisfactory adjustment of so many ancient and irritating subjects of contention; and it reflects no ordinary credit on his successful administration of public affairs, that this great object was accomplished, without compromising, on any occasion, either the honor, or the peace of the nation.

With European powers no new subjects of difficulty have arisen; and those which were under discussion, although not terminated, do not present a more unfavorable aspect for the future preservation of that good understanding, which it has ever been our desire to cultivate.

Of pending questions, the most important is that which exists with the Government of Great Britain, in respect to our northeastern boundary. It is with unfeigned regret, that the people of the United States must look back upon the abortive efforts made by the Executive, for the period of more than half a century, to determine what no nation should suffer long to remain in dispute, the true line which divides its possessions from those of other powers. The nature of the settlements on the borders of the United States, and of the neighboring territory, was for a season such, that this perhaps was not indispensable to a faithful performance of the duties of the Federal Government. Time has, however, changed this state of things; and has brought about a condition of affairs in which the true interests of both countries imperatively require that this question should be put at rest. It is not to be disguised, that with full confidence often expressed, in the desire of the British Government to terminate it, we are apprehensive as far from its adjustment as we were at the time of signing the treaty of peace in 1763.

The sole result of long-pending negotiations, and perplexing animations, appears to be a conviction, on its part, that a conventional line must be adopted, from the impossibility of ascertaining the true one according to the description contained in that treaty. Without receding in this opinion, which is not thought to be well founded, my predecessor gave the strongest proof of the earnest desire of the United States to terminate satisfactorily this dispute, by proposing the substitution of a conventional line, if the consent of the States interested in the question could be obtained. To this proposition, no answer has yet been received. The attention of the British Government has, however, been urgently invited to the subject, and its reply cannot, I am confident, be much longer delayed. The general relations between Great Britain and the United States are of the most friendly character, and I am well satisfied of the sincere disposition of that Government to maintain them upon their present footing. This disposition has also, I am persuaded, become more general with the people of England than at any previous period. It is scarcely necessary to say to you, how cordially it is reciprocated by the Government and people of the U. States. The conviction which must be common to all, of the injurious consequences that result from

keeping open this irritating question, and the certainty that its final settlement cannot be much longer deferred, will, I trust, lead to an early and satisfactory adjustment. At your last session, I laid before you the recent communications between the two Governments, and between this Government and that of the State of Maine, in whose solitude, concerning a subject in which she has so deep an interest, every portion of the Union participates.

The feelings produced by a temporary interruption of those harmonious relations between France and the United States, which are due as well to the recollections of former times as to a correct appreciation of existing interests, have been happily succeeded by a cordial disposition on both sides to cultivate an active friendship in their future intercourse. The opinion, undoubtedly correct, and steadily entertained by us, that the commercial relations at present existing between the two countries, are susceptible of great and reciprocally beneficial improvements, is obviously gaining ground in France; and I am assured of the disposition of that Government to favor the accomplishment of such an object. This disposition shall be met in a proper spirit on our part. The few and comparatively unimportant questions that remain to be adjusted between us, can, I have no doubt, be settled with entire satisfaction, and without difficulty.

Between Russia and the United States, sentiments of good will continue to be mutually cherished. Our Minister recently accredited to that Court, has been received with a frankness and cordiality, and with evidences of respect for his country, which leave us no room to doubt the preservation in future of those amicable and liberal relations which have so uninterruptedly existed between the two countries. On the few subjects under discussion between us, an early and just decision is confidently anticipated.

A correspondence has been opened with the Government of Austria, for the establishment of diplomatic relations, in conformity with the wishes of Congress, as indicated by an appropriation act of the session of 1837, and arrangements made for the purpose, which will be duly carried into effect.

With Austria and Prussia, and with the States of the German Empire, now comprising with the latter the Commercial League, our political relations are of the most friendly character, whilst our commercial intercourse is gradually extending, with benefit to all who are engaged in it.

Spain yet lingers in Spain, producing intense suffering to its own people, and to other nations in consequence of its wars. Our citizens who have claims upon that country will be prejudiced for a time by the condition of its Treasury, the inevitable consequence of long-continued and exhausting internal wars. The last installment of the interest of the debt due under the convention with the Queen of Spain has not been paid; and similar failures may be expected to happen, until a portion of the resources of her kingdom can be devoted to the extinguishment of its foreign debt.

Having received satisfactory evidence that discriminating tonnage duties were contained in the resolutions of the United States in the parts of Portugal, a proclamation was issued on the 11th day of October last, in compliance with the act of May 25, 1832, declaring that fact, and the duties on foreign tonnage which were levied upon Portuguese vessels in the United States, previously to the passage of that act, are accordingly revised.

The act of July 4, 1830, suspending the discriminating duties upon the produce of Portugal imported into this country in Portuguese vessels, was passed upon the application of that Government, through its representative here, under the belief that no similar discrimination existed in Portugal to the prejudice of the United States. I regret to state that such duties are now exacted in that country, upon the cargoes of American vessels; and that the act referred to was not intended to be permanent. It is for Congress to determine upon the expediency of further legislation on the subject. Against these discriminations, affecting the vessels of this country and their cargoes, seasonable remonstrance was made, and notice was given to the Portuguese Government, that unless they should be discontinued, the adoption of counteracting measures on the part of the United States would become necessary; but the reply of that Government, received at the Department of State through our Charge d'Affaires at Lisbon, in the month of September last, affords no ground to hope for the abatement of such duties, as either a harmony with the United States, or the vessels of Portugal and their cargoes in the ports of this country, and so contrary to the expectations we had a right to entertain.

When England, Sweden, Denmark, Naples, and Belgium, had fully intercourse has been uninterruptedly maintained. With the Government of the Ottoman Empire and its dependencies on the coast of the Mediterranean, peace and good will are carefully cultivated, and have been secured by such good offices as the nature of the case required. The conclusion of those treaties, concluded with the Government of Greece, is carried on under the patronage of two Governments, respectively benevolent to the interests of both; and I have reason to believe that the adoption of other measures which will be necessary to the permanent settlement of the question, will be carried on in a similar spirit. The late Convention of St. Petersburg, and the ratifications having been received, and the States made public, since the close of the last session. Already have we reason to hope for a more permanent and amicable understanding between the two Governments, and we have, besides, received from the Russian Government, prompt evidence of its desire to maintain the most friendly feelings, by liberal acts toward one of our vessels, detained in a manner so strikingly contrary to the spirit of the law, and the original intention of that law, and for the delay in affording it.

An advantageous treaty commerce has been concluded by the United States with the Peru Bolivian Confederation, which would only the ratification of that Government. The progress of a subsequent negotiation for the settlement of claims upon Peru, has been unfavorably affected by the war between that Power and Chili, and the Argentine Republic; and the same event is also likely to produce delays in the settlement of our demands on those powers.

The aggravating circumstances connected with our claims upon Mexico, and a variety of events touching the honor and integrity of our Government, led my predecessor to make, at the second session of the last Congress, a special recommendation of the course to be pursued

to obtain a speedy and final satisfaction of the injuries complained of by this Government and by our citizens. He recommended to the Executive to make a prompt and explicit answer respecting such claims, and that demand should be made in vain. From the proceedings of Congress on that recommendation, it appears, that the opinion of both branches of the Legislature coincided with that of the Executive, that any mode of redress known to the law of nations might justly be used. It was obvious, too, that Congress believed, with the President, that another demand should be made, in order to give undeniable and satisfactory proof of our desire to avoid extremities, with a neighboring power; but that there was an indignation to resist a discretionary authority in the Executive to take redress, should it unfortunately be either denied or unreasonably delayed by the Mexican Government. So soon as the necessary documents were procured, after entering upon the duties of my office, a special messenger was sent to Mexico, to make a final demand of redress, with the documents required by the provisions of our treaty. The demand was made on the 24th of July last. The reply, which bears date the 21st of the same month, contains assurances of a desire, on the part of that Government, to give a prompt and explicit answer respecting such claims, and that the examination of them would necessarily be delayed; that in this examination, it would be guided by the principles of public law and the obligations of treaties; that nothing should be left undecided until the most speedy and satisfactory adjustment could be made; and that the determination, in respect to each case, should be communicated through the Mexican Minister here.

Since that time, an Extraordinary and Minister Plenipotentiary has been accredited to this Government by the Mexican Republic. He brought with him a letter of credence, and a statement of the pending differences between the two Governments, which he has been endeavoring to settle. He was received with reciprocal assurances, and a hope was entertained that his mission would lead to a speedy, satisfactory, and final settlement of the claims of our citizens, and a sincere belief in the wisdom of the policy by which the United States have always been governed in their intercourse with foreign nations, it was my particular desire, from the proximity of the Mexican Republic, and well known occurrences on our coast, to ascertain all existing difficulties with that Government, and in referring to the intercourse between the two Republics, that liberal and friendly character, by which they should always be distinguished. I regret, therefore, the more deeply to have found in the recent communications of the Mexican Minister, no such results, and to have seen the future efforts of mine for the accomplishment of those desirable objects would be successful.

Although the larger number, and many of the most aggravated cases of personal wrongs have been for years before the Mexican Government, and seen for years of national complaint, and on the part of the Government, admitted of immediate, simple and satisfactory redress, it is only within a few days past that any specific communication in answer to our last demands made five months ago, has been received from the Mexican Minister. By the report of the Secretary of State, however, it is ascertained, and the accompanying documents, it will be seen, that for not one of our public complaints has satisfaction been given or offered; that but one of the cases of personal wrong has been favorably considered; and that but four cases of both descriptions, out of all those formally presented, and earnestly pressed, have yet been decided upon by the Mexican Government.

Not perceiving in what manner any of the powers given to the Executive alone could be further usefully employed in bringing this unfortunate controversy to a satisfactory termination, the subject was by me previously referred to the consideration of the Secretary of State. In accordance with the clearly understood wishes of the Legislature, another and formal demand for satisfaction has been made upon the Mexican Government, with what success the documents now accompanying will show. On a careful and deliberate examination of the contents, and considering the spirit manifested by the Mexican Government, it has become my painful duty to return the subject, as it now stands, to Congress, to whom it belongs, to decide upon the time, the mode, and the measure of redress.

It is not to be disguised, that the Executive, ever ready to execute the laws, and to carry out the measures which it will be characterized by that moderation and justice which will, I trust, under all circumstances, govern the councils of our country. The balance in the Treasury on the first day of January, 1837, was forty-five millions five hundred and eighty thousand five hundred and twenty-three dollars. The receipts during the present year from all sources, including the amount of Treasury notes issued, are estimated at twenty-three millions four hundred and ninety thousand and eight hundred and eighty-four dollars. Of this amount, about thirty-five million and two hundred and eighty thousand three hundred and sixty-one dollars will have been expended at the end of the year, leaving a balance of nine million and eight hundred and eighty-seven thousand one hundred and forty-three dollars, which will be the nominal balance in the Treasury on the first of January next. But of that sum, only one million eight hundred and thirty thousand and eighty-eight dollars is considered as immediately available for the use of the Government. The portions of it which will be for some time unavailable, consist of sums deposited with the States, and due from the former deposit banks. The amounts upon this subject will be found in the annual report of the Secretary of the Treasury, to be made in the month of March next, and which will be found in the Treasury Department, and which will be found in the Treasury Department, and which will be found in the Treasury Department.

The Report of the Secretary of the Treasury will afford you a more minute exposition of all matters connected with the administration of the finances during the current year; a period which, for the amount of public moneys disbursed and deposited with the States, as well as the financial difficulties encountered and overcome, has few parallels in our history. Your attention was, at the last session invited to the necessity of additional legislative provisions in respect to the collection, safe-keeping, and transfer of the public money. No law having been then matured, and not understanding the proceedings of Congress as intended to be final, it becomes my duty again to bring the subject to your notice.

On that occasion, three modes of performing this branch of the public service were presented for consideration. These were: the creation of a National Bank; the revival, with modifications, of the deposit system established by the act of the 23d of June, 1836, permitting the use of the public moneys by the banks; and the distribution of the use of such institutions for the purpose referred to, with suitable provisions for their accomplishment through the agency of public officers. Considering the opinions of both

Houses of Congress on the two first propositions as expressed in the negative, in which I entirely concur, it is unnecessary for me again to recur to them. In respect to the last, you have had an opportunity since your adjournment, not only to test still further the expediency of the measure, by the continued practical operation of such parts of it as are now in force, but also to discover—what should ever be sought for and regarded with the utmost deference—the opinions and wishes of the people. The national will is the supreme law of the Republic, and on all subjects within the limits of its constitutional powers, should be faithfully obeyed by the public servant. Since the measure in question was submitted to your consideration, most of you have enjoyed the advantage of personal communication with your constituents. For one State only has an election been held, the Federal Government; but the early day at which it took place, deprives the measure under consideration of much of the support it might otherwise have derived from the result. Local elections for State officers have, however, been held in several of the States, at which the expediency of the plan proposed by the Executive has been more or less discussed. You will, I am confident, yield to their results in respect due to every expression of the public voice. Desiring, however, to arrive at truth, and a just view of the subject in all its bearings, you will at the same time remember, that questions of far deeper and more immediate local interest, than the fiscal plans of the National Treasury, were involved in those elections. Above all, we cannot overlook the striking fact, that there were at the time those States more than one hundred and sixty millions of bank capital, of which large portions were subject to actual forfeiture—other large portions upheld only by special and limited legislative indulgence—and most of it, it not all, to a greater or less extent, dependent for a continuance of its corporate existence upon the will of the State Legislatures to be then chosen. Apprised of this circumstance, you will judge, whether it is not most probable that the peculiar condition of that vast interest in these respects, the extent to which it has been spread through all the ramifications of society, its direct connection with the then pending election, and the feelings it was calculated to infuse into the canvass, have exercised a far greater influence over the result, than any which could possibly have been produced by a conflict of opinion in respect to a question in the administration of the General Government, more remote and far less important in its bearings upon that interest.

I have found no reason to change my own opinion as to the expediency of adopting the system proposed, being perfectly satisfied that there will be neither stability nor safety, either in the fiscal affairs of the Government, or in the pecuniary transactions of individuals and corporations, so long as a connection exists between them, which like the past, offers such strong inducements to make them the subjects of political agitation. Indeed, I am more than ever convinced of the dangers to which the free and unbiassed exercise of political opinion—the only sure foundation and safeguard of republican government—would be exposed by a further increase of the already overgrown influence of corporate authorities. I am, therefore, consistently with my views of duty, and a renewal of a connection which circumstances have dissolved.

The discontinuance of the use of State banks for fiscal purposes ought not to be regarded as an measure of hostility toward those institutions. Banks, properly established and conducted, are highly useful to the business of the country, and will doubtless continue to exist in the States, so long as they conform to their laws, and are found to be safe and beneficial. How they should be created, what privileges they should enjoy, under what restrictions they should be subject, and to what restrictions they should be subject, are questions which, as I observed on a previous occasion, belong to the States to decide. Upon their rights, or the exercise of them, the General Government can have no motive to encroach. Its duty toward them is well performed, when it refrains from legislating for their special benefit, because such legislation would violate the spirit of the Constitution, and be unjust to other interests; when it takes no steps to impair their usefulness, but so manages its own affairs as to make it the interest of those institutions to strengthen and improve their condition for the security and welfare of the community at large. They have no right to insist on a connection with the Federal Government, for on the use of the public money for their own benefit. The object of the measure under consideration is, to avoid for the future a compulsory connection of this kind. It proposes to place the General Government, in regard to the essential points of the collection, safe-keeping the transfer of the public money, in a situation which shall relieve it from all dependence on the will of irresponsible individuals or corporations; to withdraw those moneys from the uses of private trade, and confine them to agents constitutionally selected and controlled by law; to abstain from improper interference with the industry of the people, and withhold inducements to improvident dealings on the part of individuals; to give stability to the currency of the Treasury; to preserve the measures of the Government from the unavoidable approaches that flow from such a connection, and the banks themselves from the injurious effects of a supposed participation in the political conflicts of the day, from which they will otherwise find it difficult to escape.

These are my views upon this important subject formed after careful reflection, and with no desire but to arrive at what is most likely to promote the public interest. They are now, as

they were before, submitted with unfeigned deference for the opinions of others. It was hardly to be hoped that changes so important, on a subject so interesting, could be made without producing a series of diversity of opinion; but so long as these conflicting views are kept above the influence of individual or local interests, and are discussed with moderation and candor, such diversity is a benefit, not an injury. If a majority of Congress see the public welfare in a different light; and more especially if they should be satisfied that the measure proposed would not be acceptable to the people; I shall look to their wisdom to substitute such as may be more conducive to the one, and more satisfactory to the other. In any event, they may confidently rely on my hearty co-operation to the fullest extent, which my views of the Constitution and my sense of duty will permit.

It is obviously important to this branch of the public service, and to the business and quiet of the country, that the whole subject should in some way be settled and regulated by law; and, if possible, at your present session. Besides the plans above referred to, I am not aware that any one has been suggested, except that of keeping the public money in the State banks in special deposit. This plan is, to some extent, in accordance with the practice of the Government, and with the present arrangement of the Treasury Department; which, except, perhaps, during the operation of the late deposit act, has always been allowed, even during the existence of a National Bank, to make a temporary use of the State banks, in particular places, for the safe-keeping of portions of the revenue. This discretionary power might be continued, if Congress deem it desirable, whatever general system may be adopted. So long as the connection is voluntary, we need, perhaps, anticipate few of those difficulties, and little of that dependence on the banks, which must attend every such connection when compulsory in its nature, and when so arranged as to make the banks a fixed part of the machinery of Government. It is undoubtedly in the power of Congress so to regulate and guard it as to prevent the public money from being applied to the use, or intermingled with the affairs of individuals. Thus arranged, although it would not give to the Government that entire control over its own funds which I desire to secure to it by the plan I have proposed, it would, it may be admitted, in a great degree, accomplish one of the objects which has recommended that plan to my judgment—the separation of the fiscal concerns of the Government from those of individuals or corporations. With these observations, I recommend the whole matter to your dispassionate consideration; confidently hoping that some conclusion may be reached by your deliberations, which, on the one hand, shall give safety and stability to the fiscal operations of the Government, and be consistent, on the other, with the genius of our institutions, and with the interests and wishes of the great mass of our constituents.

It was my hope that nothing would occur to make necessary, on this occasion, any allusion to late National Bank. There are circumstances, however, connected with the present state of our affairs, that bear so directly on the character of the Government and the wisdom of the measures, that I should not feel myself excused from alluding to them. The Charter of the National Bank, as looking privileges on the 1st of March, 1836, continued its corporate powers two years more, for the sole purpose of closing its affairs, with authority "to use the corporate name, style and capacity, for the purpose of suits for a final settlement and liquidation of its affairs and assets of their estate, real, personal and mixed, but for no other purpose or on any other manner whatsoever." Just before the banking privileges ceased, its effects were transferred by the bank to a new State institution then recently incorporated in trust, for the discharge of its debts and the settlement of its affairs.

With this trust, by authority of Congress, an adjustment was subsequently made of the large interest which the Government had in the stock of the institution. The manner in which a trust unexpectedly created upon the act granting the charter, and involving such great public interests, has been executed, would, under any circumstances, be a fit subject of inquiry; but much more does it deserve your attention, when it embraces the redemption of obligations to which the authority and credit of the United States have given value. The two years allowed are now nearly at an end. It is well understood that the trustee has not redeemed and cancelled the outstanding notes of the bank, but has reissued, and is actually reissuing, since the 3d of March, 1836, the notes which have been received by it to a vast amount. According to its own official statement, so late as the first of October last, nineteen months after the banking privileges given by the charter had expired, it had under its control uncancelled notes of the late bank of the United States to the amount of twenty-seven millions five hundred and sixty-one thousand eight hundred and sixty-six dollars, of which six millions one hundred and seventy-five thousand eight hundred and sixty-one dollars were in actual circulation, one million four hundred and sixty-eight thousand three hundred and twenty-seven dollars at State bank agencies, and three millions two thousand three hundred and ninety dollars in transit; thus showing that upwards of ten millions and a half of the notes of the old bank were then still kept outstanding. The impropriety of this procedure is obvious; it being the duty of the trustee to cancel and not to put forth the notes of an institution, whose concerns it had undertaken to wind up. If the trustee has a right to reissue these notes now, I can see no reason why it

may not continue the two years, and a course of delay of the kind, accompanied by vision for enforcing a law for the future.

But it is not that your interest in the stock, have a former direct old bank, yet be sent forth by the authority of actions connected with the old bills of the old individuals. Without understanding what form, if liable for any its party, or the circulation of the without its own consent, it is consistent with the of the Government without a single.

The report of the General Land Office by the Secretary, how the affected for the public lands, confined to the retaining the domains in the same time add them into the original States many of our they would be many carried in them the Confederacy already been agree, all one time assist States into the original right of soil as a surrender terms of the was designed abandoned. States, all public lands, and, to the property, to the of all the cence in this new states has to adopt the the public lands limited to the in the great regard to his advances, concluded, by a protest of the early sale and a precedent in the same and the given them a dependent.

A question, and so, of the people, very natural, the improvement, distinctive of to be prevailed at moderate ber to enter and accompany in a tier and at the Treasury the distribution private cities, which they them into to be prevented in few hundred sales to the ment, thus from the giving each be received the most of the most provisions, of special of the Government as could be vast, so cost of seventy greater purchased tion of the out of the 1800 and to upward sand sold about one States. rarely known, estimates, of which a note, and venturously



